

VZCZCXYZ0027
RR RUEHWEB

DE RUEHZP #0028/01 0082024
ZNR UUUUU ZZH
R 082024Z JAN 07
FM AMEMBASSY PANAMA
TO RUEHC/SECSTATE WASHDC 9588
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE
RUEHBO/AMEMBASSY BOGOTA 2486
RUEHKG/AMEMBASSY KINGSTON 0237
RUEHBH/AMEMBASSY NASSAU 0085
RUEHDG/AMEMBASSY SANTO DOMINGO 0397
RUEATRS/DEPT OF TREASURY WASHDC
RUEHRC/DEPT OF AGRICULTURE WASHDC
RUCPDO/DEPT OF COMMERCE WASHDC

UNCLAS PANAMA 000028

SIPDIS

SIPDIS

FOR STATE WHA/CEN TELLO AND WHA/EPSC MARTILOTTA
ALSO FOR STATE EB/TPP/BTA/EWA LAMPRON
STATE PASS USTR
FOR TREASURY L. TRAN
FOR COMMERCE GAISFORD
FOR AGRICULTURE SPITZER

E.O. 12958: N/A

TAGS: [ECON](#) [EFTA](#) [ETRD](#) [FAS](#) [FCSC](#) [PM](#)

SUBJECT: PANAMA MARKS CONCLUSION OF FTA (TPA) NEGOTIATIONS

11. (U) SUMMARY. The GoP is engaged in a full court press to solidify public support for the U.S.-Panama FTA (now renamed as a "Trade Promotion Agreement" or "TPA") Working through the holidays, President Martin Torrijos led a December 27 event to mark the conclusion of the TPA negotiations. The principal themes were that the TPA negotiations were a team effort between the GoP and the private sector, and Panama negotiated a TPA on terms more favorable than any other TPA in the region. Media coverage of the event and conclusion of the TPA negotiations has been largely favorable. END SUMMARY.

GoP Touts Team Effort and "Best" TPA in Region

12. (U) On December 27, 2006, the GoP held an event to mark the conclusion of the TPA negotiations. The event was attended by Torrijos, ForMin Samuel Lewis Navarro, GoP Minister of Commerce and Industry Alejandro Ferrer and leaders of various business and trade associations who participated in the negotiation process. Also present was the Ambassador, along with 200 representatives of private sector manufacturing, agricultural and services associations, and various GoP legislators and vice ministers. The event was carried live on Panamanian television.

13. (U) Each speech carried two principal themes: (1) the TPA negotiations were a team effort between the GoP and the private sector and (2) Panama negotiated a TPA on terms more favorable than any other TPA in the region. There was no mention that labor issues are subject to further negotiations. Torrijos stated that the TPA negotiations represented a "consensus" between the private sector and the GoP. Ferrer noted that during the negotiations process the GoP had over 300 meetings with business and trade associations. Various producer group leaders praised Ferrer for addressing each constituencies' concerns.

14. (U) Several participants suggested that Panama has negotiated the most favorable TPA in the region. Torrijos and Ferrer made special note of increased sugar quotas, sanitary and phyto-sanitary provisions which they characterized as maintaining Panamanian sovereignty over

health standards, special protection for the coffee, potato and onion producers, and contract set asides for Panamanian companies to participate in the Panama Canal expansion project In a full page December 28 newspaper ad paid for by the GoP, the headline read "FTA: The Best Treaty Negotiated with the U.S."

Media Coverage Positive - GoP Continues Full Court Press

¶15. (U) Media coverage of the event and conclusion of the TPA negotiations has been largely favorable. Most editorials have been supportive of the TPA. However, Panama's La Estrella newspaper reported that the Panamanian Ranchers Association (ANAGAN) held a meeting on December 27, 2006 to discuss concerns over sanitary and phyto-sanitary issues. The newspaper reported that former Agricultural Ministers and ANAGAN members, Laurentino Cortizo and Alejandro Posse, remain opposed to the TPA, while ANAGAN President Luis Martinez supported the TPA, calling it "positive."

¶16. (U) GoP Vice Minister of Trade Carmen Gisela Vergara and Chief Trade Negotiator Leroy Sheffer are leading the GoP team through a series of encounters with various producer groups. The team is visiting key agricultural regions and is engaging with Panama City-based business leaders to explain the TPA deal and build support.

¶17. (U) The Chairman of the Assembly's Commerce Committee told EconChief on December 27 that he expects the Assembly to ratify the TPA by a wide margin. (Note: On December 15, 2006, the Assembly unanimously ratified the Panama-Chile FTA.)

Comment: GoP Weds Private Sector to the TPA

¶18. (U) The December 27 event was an attempt to boost momentum for TPA support. The event was also meant to show solidarity between the public and private sector in the hope of, among other things, deflecting any charges that the GoP agreed to a TPA without consulting with the private sector. The event married the trade and business associations to the GoP on the TPA. Few trade or business leaders will be able to attack the TPA without, directly or indirectly, attacking their own trade association. A failure of the TPA in Panama would reflect as badly on the private sector as it would on the GoP. Successful conclusion of the TPA negotiations solidifies Ferrer's standing in the Torrijos Administration's cabinet. END COMMENT.
Eaton